

**MINUTES OF THE  
COMPETITION IN TELECOMMUNICATIONS INDUSTRY TASK FORCE**

Tuesday, September 17, 2002 – 10:00 a.m. – Room 403 State Capitol

**Members Present:**

Sen. Beverly Ann Evans, Co-Chair  
Rep. Wayne A. Harper, Co-Chair  
Sen. Ron Allen  
Sen. Curtis S. Bramble  
Sen. Alicia Suazo  
Rep. David Clark  
Rep. Neal B. Hendrickson  
Rep. Ty McCartney

**Members Absent:**

Sen. John L. Valentine  
Rep. Stephen D. Clark  
Rep. Brent H. Goodfellow  
Rep. David Ure

**Staff Present:**

Ms. Jami Momberger, Research Analyst  
Mr. Thad LeVar, Associate General Counsel\*  
Ms. Patricia Owen, Associate General Counsel  
Ms. Jennifer Markham, Legislative Secretary

\*not authorized to practice law in Utah

**Note:** A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or by contacting the task force secretary, Jennifer Markham, at 538-1032.

**1. Task Force Business**

Chair Evans called the meeting to order at 10:06 a.m.

**MOTION:** Rep. Harper moved to approve the minutes of the August 20, 2002 meeting with a correction changing Rep. Hendrickson from present to absent. The motion passed unanimously.

**2. Proposals**

Ms. Owen provided an overview of the proposals for legislative action submitted at the request of the Task Force and distributed "Overview of Proposals for Legislative Action in the 2003 General Session."

**A. Utah League of Cities and Towns, Telecommunications Task Force**

Mr. Paul Morris, Chair of Telecommunications Task Force, League (Utah League of Cities and Towns), stated that the League's goal is to have a legislative proposal to the Task Force by the October meeting. He indicated that the League's proposal would simplify municipalities' taxation of telecommunication by addressing issues such as reducing the applicable tax rate, expanding the applicable tax base, and providing a centralized payment system through the State Tax Commission. He stated that the League does not support the wireless industry's tax proposal presented to the Task Force but is working with industry representatives on the League's proposal.

Mr. Roger Tew, Tax Policy Consultant, League, emphasized the League's willingness to review options.

**B. Qwest**

Mr. Doug Hurst, Director, State & Local Tax Research, Qwest, outlined Qwest's written legislative proposal that would exempt telecommunications equipment from the sales and use tax, expand the sales and use tax base to include interstate and international telecommunications services, and fund the Poison Control Center and the hearing and speech impaired telecommunications program through increased sales and use tax revenue. A copy of Qwest's written proposal was included in the mailing packet. In addition, Mr. Hurst indicated that Qwest would propose that the Legislature address tax issues related to dispute resolution processes and bundling.

### **C. Wireless and Related Providers**

Mr. John Cmelak, Tax Director, Verizon Wireless, outlined "A Proposal for Telecommunications Tax Reform in Utah," that was included in the mailing packet. He summarized the seven elements of the wireless providers' proposal and distributed a copy of his presentation "Testimony Before the Competition in Telecommunications Industry Task Force."

Mr. Scott Mackey, Economist, Kimbell Sherman & Ellis, emphasized the need to review and refine the proposals with the State Tax Commission. He summarized the handouts "Utah Tax Reform Proposal Fiscal Estimate," "Telecommunications Tax Reform Policy Statement (NCSL Executive Committee Task Force on State and Local Taxation of Telecommunications and Electronic Commerce)," and "The Principles of Telecommunications Tax Reform (American Legislative Exchange Council)."

### **D. Public Comment**

Mr. Robert Muscheck, a Utah resident, stated that he was offended by the wireless industry characterization of its proposal as "citizen-friendly" and was concerned that Utah would lose tax revenue.

Mr. Jeff Fox, Consultant, Crossroads Urban Center, stated that he would like to be included in the industry negotiations and emphasized the need for consumer representation.

### **3. Other Items/Adjourn**

Rep. Harper discussed whether there was interest in pursuing proposals from the industry on access to rights-of-way and access charges.

Mr. Robin Riggs, Utah Vice President, Qwest Communications, stated that the best place for access charges reform is with the Public Service Commission.

Chair Evans turned the meeting over to Rep. Harper.

Rep. Harper recommended anyone with concept or draft legislation proposals schedule a meeting with staff.

At the request of Rep. David Clark and the Chair, Mr. Bruce Johnson, Commissioner, Utah Tax Commission, explained the process followed by the State Tax Commission in centrally assessing property including how intangible property is treated under that process.

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**MOTION:** Rep. Hendrickson moved to adjourn the meeting at 11:10 a.m. The motion passed unanimously, with Sen. Allen, Sen. Bramble, Sen. Suazo, and Sen. Evans absent for the vote.